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Senator Lesil McGuire

Sponsor Statement for Senate Bill 193

"An Act extending the exemption from regulation by the Regulatory Commission of Alaska for certain facilities or plants generating energy from renewable energy resources."

The electric demand of the relatively small and dispersed population in Alaska has traditionally been served by regulated utilities. The Regulatory Commission of Alaska (RCA) is charged with certifying utilities, regulating their rates, resolving disputes and protecting consumers. However, Alaska has seen an increasing private sector investment in the development of our renewable energy resources.

Previously, Alaska exempted small power producers from regulation to lower the barrier cost of entry and to reduce Alaska regulatory overreach to the emerging small power producers developing and financing renewable energy resources throughout Alaska, but this exemption sunset on January 1, 2016.

Regulation can pose obstacles to investment, but can also increase the cost of government in reviewing and regulating small power producers who by federal statute would otherwise be exempt from regulation. The extension of the regulatory sunset date from January 1, 2016 to January 1, 2020 provides fiscal and regulatory certainty to Alaska villages, communities, and entrepreneurs that can invest their funds into developing and generating power rather than filing regulatory proceedings. The extension of exemption reduces the cost of government while empowering and enabling the development of our renewable energy resources.

SB 193 seeks to continue a middle ground compromise between a thoroughly deregulated market and the highly regulated electrical market of Alaska. The exemption from RCA regulation is only applicable to facilities that generate renewable energy that is sold to a regulated utility. This arrangement maintains RCA oversight over the power sales agreements and thereby provides a layer of protection to ratepayers.

The bill will also maintains an open door to Alaska's electricity market and encourages private sector investment in renewable energy for Alaskans with regulatory certainty to 2020.